

Message Text

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44

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 SSO-00 NSCE-00 INRE-00 SS-15

NSC-05 SP-02 CIAE-00 INR-05 NSAE-00 RSC-01 EB-04

COME-00 TRSE-00 OMB-01 XMB-02 AID-05 CIEP-01 STR-01

PRS-01 L-02 /056 W

----- 038631

O 081501Z NOV 74

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC IMMEDIATE 1999

C O N F I D E N T I A L SANTO DOMINGO 4609

E.O. 11652: GDS

TAGS: EMIN, EFIN, EIND, DR

SUBJECT: ALCOA NEGOTIATIONS

REF : STATE 244710

1. JUST BEFORE LEAVING FOR PITTSBURGH TO ATTEND MEETING DESCRIBED REFTEL, HUGHSON GAVE ME FOLLOWING RUNDOWN OF HIS MEETING WITH PRESIDENT BALAGUER.

(A) BALAGUER GAVE HIM A MEMORANDUM WHICH HE DESCRIBED AS HAVING BEEN DRAWN UP BY ONE OF HIS "TECNICOS."

(B) THE SUBSTANCE OF THE MEMORANDUM CONTAINED DEMANDS FOR INCOME FROM BAUXITE THAT EXCEEDED THE JAMAICAN FORMULA.

(C) HUGHSON RETURNED THE MEMORANDUM TO BALAGUER AS "UNACCEPTABLE."

(D) BALAGUER AND HUGHSON TOGETHER THEN READ THE LAST OFFER THAT ALCOA HAD MADE (HUGHSON GAINED IMPRESSION THAT THIS WAS FIRST TIME BALAGUER HAD REALLY FOCUSSED UPON THE LAST ALCOA OFFER).

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(E) BALAGUER ASKED THAT THEY MEET AGAIN NOV 11.

2. HUGHSON REPORTED THAT AFTER MEETING WITH BALAGUER HE INFORMED POLIBIO DIAZ OF THE TURN OF EVENTS. DIAZ OPINED THAT BALAGUER WAS MERELY TESTING THE FIRMNES OF ALCOA'S POSITION AND THAT HUGHSON HAD DONE WELL TO "REJECT" THE MEMO.

3. COMMENT: THE MEMORANDUM PLAY IS FARILY TYPICAL OF BALAGUER'S NEGOTIATING TACTICS. IN ADDITION, WE HAVE BEEN RECEIVING REPORTS THAT SOME OF THE HIGH-RANKING MILITARY ARE BECOMING DISSATISFIED OVER THE INCOME THAT GODR IS DERIVING FROM ITS MINERAL RESOURCES AND IT IS POSSIBLE THAT BALAGUER PRESENTED THE MEMORANDUM IN ORDER TO BE IN A POSITION TO INFORM THE MILITARY THAT HE MADE THE ATTEMPT. IT IS ALSO JUST POSSIBLE THAT BALAGUER MAY BE INSISTENT UPON THE TERMS OF THE MEMORANDUM.

4. TO DATE, THERE HAS BEEN NO LEAK TO THE PRESS OF THE CONTENT OF THE MEMORANDUM AND I RATHER DOUBT THAT THERE WILL BE BETWEEN NOW AND MONDAY. I BASE THIS JUDGMENT ON HUGHSON'S PAST REPORTS THAT BALAGUER WAS UNHAPPY OVER THE TACTICS EMPLOYED BY THE GODR NEGOTIATING TEAM WHEN IT CONSISTENTLY TOOK ITS CASE TO THE PRESS. I AM FRANKLY UNEASY THAT AN EXPRESSION OF CONCERN ON OUR PART OVER POSSIBLE PUBLICITY TO ONE OF BALAGUER'S CONFIDANTS (POLIBIO DIAZ OR FONT BERNARD) MAY BE INTERPRETED AS WEAKNESS AND PLANT AN IDEA WITH THE PRESIDENT THAT HE HAD NOT CONSIDERED. ON BALANCE, I THINK IT BEST TO SIT TIGHT OVER THE NEXT FEW DAYS UNTIL THE NOV 11 MEETING.
HURWITCH

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